

Business Management Assessments

DHSS Division of
Administration

March 2016



What is the Business Management Assessment (BMA)?

- To determine whether controls are in place to adequately safeguard state and federal funding.
- The BMA is divided into three parts:
 - Section I – Business Management Assessment
 - Contractor/Provider Demographic Information
 - Fiscal Information
 - Section II – Federal Funding Accountability and Transparency Act (FFATA) Contractor/Subawardee Data
 - General Information
 - Executive Compensation
 - Section III - Certification

Why is it necessary to complete the BMA?

- To evaluate administrative capabilities once per year.
- Federal requirements include provisions for management/accounting systems and written policies. DHSS treats all funds the same so non-federally funded contracts/contractors must also meet these standards.
- DHSS is required to evaluate all subrecipients (contractors that receive funds to carry out the objectives of a program) to determine whether management systems meet standards. This is called a *risk assessment*.

What must be in place to meet requirements?

- An accounting system (electronic or manual) that enables reporting of expenditures by specific categories. If the contract is federally funded, the following elements must be tracked in the accounting system for reporting purposes:
 - Catalog of Federal Domestic Assistance (CFDA)
 - Federal Award Identifier (FAIN) and Year
 - Name of the original federal funding entity
 - Name of the pass-through entity

What must be in place to meet requirements?

- Written policies and procedures for the following business functions:
 - Personnel (hiring processes, qualifications, etc)
 - Accounting transactions (timeliness, accuracy, authorizations, etc)
 - Payments
 - Allowability of costs (are costs reasonable)
 - Property and equipment (fixed assets)
 - Records retention
 - Purchasing/procurement (authorizations, cost and price analysis, etc)

What else is evaluated?

- The BMA also includes a question of whether an audit was conducted in the last three years.
 - This is an independent audit, not a state agency monitoring site visit.
 - An audit is a good business practice for assessing the organization's internal controls.
 - If an audit was done, then a copy of the report must be submitted for review.
 - If there were audit findings, this factors in to the overall assessment.

What happens after the BMA is submitted?

- Staff in the Division of Administration review the submitted responses and audit report(s) if available.
- If items noted as required on previous slides are marked “no” or if there are significant audit findings, a high risk score is assigned regardless of the overall assessment.

What happens after the BMA is submitted?

- If high risk, a letter is sent along with a copy of the BMA and the reason for the high risk designation.
- If it is determined that a BMA response was incorrect, an email stating what needs to be changed may be sent to monitoring@health.mo.gov.
- If the overall assessment is low or medium risk, the process is complete and no further action is necessary for the subrecipient. An email is sent containing a copy of the completed BMA for your records.

What does high risk mean?

- ◉ Additional monitoring requirements may be instituted by the program; it is the program's prerogative on whether to issue further requirements.
- ◉ An administrative high risk rating due to BMA score generally does not preclude an organization from receiving contracts with DHSS.
 - ◉ Additional information on when contracts will be held is provided in the next slide.
- ◉ It is a planning tool to allocate monitoring efforts and consider more closely monitoring those subrecipients with higher risk factors.

What else do I need to know?

- Other reasons high risk may be assigned:
 - The BMA process is not completed:
 - The BMA is not submitted; or
 - A copy of the audit (if applicable) is not received;
 - In these cases, no further contracts will be awarded until the BMA process is completed.
 - The audit report contains significant findings. A corrective action plan may also be requested.
- Health departments that are part of a county government structure may need to work with their county clerk or auditor to obtain some of the information required to complete the BMA.

Reminders

- Add monitoring@health.mo.gov to your email contact lists.
- The BMA should be completed by someone in your organization that is familiar with your overall management structure and procedures.
- Information pertaining to your BMA submission will be sent via email.
- Section II in the BMA form is not part of the risk assessment. The responses in this section are provided to the Division of Administration Grants Accounting Unit to complete required FFATA reports.

Reminders

- Help information is available in the BMA form. Click on the instructions link after the questions.
- The “yellow sheet” included in contract packages includes a statement about completing an annual BMA. However, if you have already completed the BMA for the calendar year, you do not need to submit it again.
- If in doubt, please call (573)751-6104. We are happy to help with technical questions.
 - Note – assistance is provided with understanding what the questions mean, not how the questions should be answered.



Thank you!

**Department of Health and Senior Services
Division of Administration
(573)751-6104**